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January 5, 2023

VIA E-MAIL (MURROW.PATRICIA@EPA.GOV)

Patricia Murrow
US Environmental Protection Agency
Region 7 - LCRD/ROAG/RDIS
11201 Renner Boulevard
Lenexa, Kansas 66219

**Re: Response to U.S. EPA's Request for Information
 Wellman Facility
 Creston, Iowa**

Dear Ms. Murrow:

We are submitting this response on behalf of Arkema, Inc., (“Arkema”) to the 14 numbered requests of the above-referenced Request for Information (each, a “Request”; collectively, the “Requests”) regarding the former Wellman facility at 1734 Commerce Road in Creston, Iowa (the “Facility”). This response is timely provided on January 5, 2023, as agreed to via your letter of September 29, 2022.

As detailed within the responses of Part II below, the Pennwalt Corporation (“Pennwalt”) neither owned or operated the Facility nor exercised relevant control over entities that did so. We have previously explained this point to the current owner of the Facility, WDC Acquisitions LLC (“WDC”), who—as you are likely aware—has previously suggested the *Bestfoods* liability theory that appears to underlay many of the Requests.¹

Arkema considered many factors in explaining to WDC the inapplicability of *Bestfoods*, including the fact that all historic documents known to Arkema show (at most) rare Pennwalt involvement in Facility waste management issues and typical shareholder oversight.² Indeed, known documents present only two instances in which Pennwalt became involved in Facility environmental decisions, only of one of which involved waste management. In both cases,

¹ In April 2020, WDC provided Arkema with the same 14 documents included with your email message of December 6, 2022. With this in mind, Arkema presumes that you also obtained those 14 documents from WDC and that the Requests have been provided to Arkema by U.S. EPA at the request of WDC.

² Because Arkema has limited information regarding the Facility in its files, Arkema has repeatedly requested a complete copy of WDC’s information regarding the history of the Facility (which is expected to be far more substantial as facility records typically stay with a facility in connection with asset sales). But, to date, WDC has chosen to provide only limited information. Arkema presumes that the remaining information being withheld by WDC does not support WDC’s claims.

Pennwalt's involvement was very limited and specifically solicited by the Facility. As the United States Environmental Protection Agency ("U.S. EPA") is aware, these circumstances are a far cry from those required under applicable law to impose liability under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). *See, e.g., City of Wichita, Kansas v. Trustees of APCO Oil Corp. Liquidating Tr.*, 306 F. Supp. 2d 1040, 1055 (D. Kan. 2003) ("Bestfoods rejected authority to control as a basis for operator liability. *Bestfoods*, 524 U.S. at 67, 118 S.Ct. at 1887. Instead, an operator must be actively involved in decisions regarding disposal of hazardous substances or environmental compliance. *See id.* Moreover, courts applying the actual control test have consistently required more than casual or occasional involvement in such decisions. Instead, an operator under CERCLA must make the relevant decisions on a frequent, typically day-to-day, basis." (emphasis added) (citing *East Bay Mun. Util. Dist.*, 142 F.3d at 485; *Redwing Carriers, Inc. v. Saraland Apartments*, 94 F.3d 1489, 1504–05 (11th Cir.1996); *Schiavone v. Pearce*, 79 F.3d 248, 253–54 (2d Cir.1996); *United States v. Gurley*, 43 F.3d 1188, 1193 (8th Cir.1994); *John S. Boyd Co., Inc. v. Boston Gas Co.*, 992 F.2d 401, 408 (1st Cir.1993); *Lansford-Coaldale Joint Water Auth. v. Tonolli Corp.*, 4 F.3d 1209, 1220–22 (3rd Cir.1993); *Joslyn Manuf. Co. v. T.L. James & Co., Inc.*, 893 F.2d 80, 83 (5th Cir.1990); *Hines Lumber Co.*, 861 F.2d at 157–59)).

The remainder of this response is presented in two parts. First, at Part I, Arkema states its objections and reservation of rights. Arkema's specific responses to each Request are provided within Part II, each of which is made subject to the objections and reservations of Part I. Attachment A lists, by response, the Bates numbers of documents responsive to each Request. Electronic copies of all listed documents are being provided electronically via a temporary file transfer site.

Part I. General Objections & Reservation of Rights

1. ***Vagueness.*** Arkema objects to each Request to the extent it is vague, ambiguous, does not specify the information or documents sought with sufficient particularity, and/or is too indefinite to be capable of reasonable interpretation. Arkema has sometimes attempted to explain this general objection more specifically where applicable and appropriate within the responses of Part II. In most instances, without waiving this objection, Arkema has nonetheless made a good faith effort to discern the information requested by U.S. EPA in such Requests and has responded accordingly.

2. ***Unduly Burdensome.*** Arkema objects to various Requests as overly broad and unduly burdensome in that the Requests seek "all" or "any" documents or information without reasonable temporal or scope limitation. In addition, Arkema objects to various Requests as unduly burdensome because they pertain to activities that occurred approximately a half century ago, predating the direct personal knowledge of any current Arkema official. Consequently, all responses in Part II are based on Arkema's review of available historic documents.

3. ***Publicly Available Information.*** Arkema objects to the Requests to the extent they seek documents previously provided to U.S. EPA, already available to U.S. EPA and/or the public, or possessed by another governmental agency, including, but not limited to, the Iowa Department of Environmental Quality (“IDEQ”) or the Securities and Exchange Commission.

4. ***Privilege.*** Arkema objects to the Requests to the extent they seek the production of materials protected from disclosure by the attorney-client privilege, the attorney work product privilege, or any other applicable privileges, rules, or laws governing the protection and nondisclosure of such communications or information.

5. ***Ordinary Course.*** Arkema objects to each Request to the extent it seeks information not kept in the ordinary course of Arkema’s business or not kept in the form requested by U.S. EPA in the ordinary course of Arkema’s business. Requiring Arkema to produce this information, or information in a form or manner not kept by Arkema, is unduly burdensome.

6. ***Statutory Authority.*** Arkema objects to each Request to the extent it exceeds U.S. EPA’s authority under the Resource Conservation and Recovery Act (“RCRA”) and/or CERCLA.

7. ***Legal Conclusions.*** Arkema objects to each Request to the extent that it asks Arkema to make a legal conclusion.

8. ***Third Party Information.*** Arkema objects to each Request to the extent that it seeks information outside of Arkema’s possession, custody, or control.

9. ***Reservation of Rights.*** Arkema reserves its right to identify additional objections.

Arkema reserves the right to supplement, modify, or amend its responses without waiving any of its rights and objections. By responding to the Requests, Arkema is not acknowledging that the Requests are proper or that the directions provided by U.S. EPA are in accordance with applicable authority.

Part II: Responses to Individual Requests

1. *Identify the person(s) answering these questions on behalf of Arkema. Additionally, please provide the name, title, mailing address, email, and phone number for each person consulted in answering these questions.*

Arkema Response:

The responses herein were prepared by Arkema’s counsel, Daniel Deeb of ArentFox Schiff LLP. My contact information is as follows:

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2. *Describe all operating agreements that existed between the owners or operators of the facility located in Creston, Iowa (Facility) and Pennwalt or its subsidiaries, predecessors or successors (hereafter, collectively referred to as Pennwalt).*³

Arkema Response: Arkema restates its vagueness, unduly burdensome, and ordinary course general objections to this Request. Without waiving any objections, Arkema responds that it is not aware of any “operating agreements” between the owners and operators of the Facility and Pennwalt.

3. *Describe the nature and extent of any ownership interest that Pennwalt had in the Facility, and when and how such ownership interest was acquired.*

Arkema Response: Arkema restates its unduly burdensome and vagueness general objections to this Request. Without waiving any objections, Arkema responds that Pennwalt never owned the Facility. The documents listed at Attachment A indicate that Pennwalt previously owned shares of entities that once owned the Facility. A detailed description of Pennwalt’s prior shareholder interests are outlined below.

Upon information and belief, the Hills-McCanna Company (“Hills-McCanna”), a Delaware corporation, developed the Facility at 1745 Commerce Road in or about 1965, operating the Facility within its McCannalloy Division. Upon information and belief, Wallace & Tiernan, Inc. (“W&T”) acquired the shares of Hills-McCanna in 1967. W&T merged into the Pennsalt Chemicals Corporation (“Pennsalt”) in 1969, making Pennsalt the parent company of Hills-McCanna. Pennsalt changed its name to Pennwalt on March 31, 1969.

On October 1, 1971, Hills-McCanna sold the properties, assets, and business of its McCannalloy Division to the Wellman Dynamics Corporation (“Old Wellman”).⁴ In

³ All references herein by Arkema to “Pennwalt” refers exclusively to the Pennwalt Corporation and not to any subsidiaries, predecessors, or successors.

⁴ Wellman Dynamics, Inc. was incorporated in Delaware on March 17, 1966. It changed its name to Old Wellman in connection with a merger. Prior to October 1, 1971, 86% of the outstanding shares of Old Wellman were held by Dow Chemical Financial Corporation (“Dow Financial”), a subsidiary of Dow Chemical Company (“Dow”).

connection with that sale, Old Wellman shares were reallocated as follows: 44.64% to Pennwalt, 47.64% to Dow Financial,⁵ and 7.72% to other miscellaneous shareholders. Hills-McCanna merged into Pennwalt on December 31, 1971.

On August 21, 1972, Pennwalt purchased Dow Financial's shares of Old Wellman, making Pennwalt the majority shareholder. Pennwalt acquired the remaining miscellaneous shares on February 1, 1974, making Pennwalt the sole shareholder of Old Wellman.

On January 5, 1976, Old Wellman sold the Facility to the New Wellman Dynamics Corporation ("New Wellman"). In that transaction, New Wellman assumed all liabilities of Old Wellman. Pennwalt never had an ownership interest in New Wellman. Old Wellman was dissolved on January 5, 1976.

Although Pennwalt was, for a time, the majority shareholder of entities that operated the Facility, Pennwalt did not exercise control over day-to-day operations of the Facility, including Facility waste management or other environmental compliance issues. That is, as explained *infra*, available records indicate that Pennwalt was not actively or frequently involved in decisions regarding the disposal of wastes at the Facility or regarding the Facility's environmental compliance. To the contrary, available documents indicate that Pennwalt consistently acted as a shareholder consistent with corporate norms. As a result, Pennwalt cannot be liable as an operator for the acts of its subsidiary. *United States v. Bestfoods*, 524 U.S. 51, 61 (1998).

4. *Did Pennwalt ever provide any assistance, guidance, advice or input of any nature to the Facility or regarding the Facility in the preparation or formulation of the Facility's business strategy, business goals, budgets, forecasts etc.? Without limiting the foregoing, this includes any training provided to officers or employees of the Facility.*

Arkema Response: Arkema restates it's unduly burdensome, vagueness, publicly available information, and ordinary course general objections to this Request. Without waiving any objections, Arkema states that the documents listed at Attachment A indicate that, from time to time, Pennwalt provided limited assistance to the Facility consistent with its status as a shareholder but did not exercise control over any day-to-day operations.⁶

⁵ Arkema requests a copy of any information request concerning the Facility that U.S. EPA has provided to Dow or Dow Financial. Please also provide a copy of any response to such information request(s).

⁶ Arkema also notes that records indicate that Old Wellman maintained records, had its own directors, operated its business independently, and observed its corporate form.

The Eighth Circuit Court of Appeals has explained that a *Bestfoods* analysis must consider both (1) the shareholder's authority to control hazardous waste decisions, and (2) the shareholder's actual exercise of that control. *See K.C.1986 Ltd. P'ship v. Reade Mfg.*, 472 F.3d 1009, 1020 (8th Cir. 2007) (quoting *Bestfoods*, 524 U.S. at 66–67). *City of Wichita, Kansas* has further explained that, to find operator liability under *Bestfoods*, the exercise of actual control over waste/environmental decisions must be active and “frequent, typically day-to-day.” *City of Wichita, Kansas*, 306 F. Supp. 2d at 1055. Available Facility records simply do not show activities which come close to satisfying these elements.⁷ To the contrary, the records demonstrate that Pennwalt acted as a shareholder with an investment in the Facility, and occasionally performed limited services when requested by the Facility. Most of those services were for financial, real estate, and pension issues that were unique and outside of Old Wellman's in-house expertise. No records indicate that Pennwalt exercised control over the Facility's business, and certainly not over waste disposal or environmental services.

Please also see Arkema's responses to Request 5 and Request 6 below.

5. *Did Pennwalt ever provide any assistance, guidance, advice or input of any nature to the Facility or regarding the Facility relating to handling waste materials or the operation of waste handling systems?*

Arkema Response: Arkema restates its unduly burdensome, vagueness, publicly available information, and ordinary course general objections to this Request. Without waiving any objections, Arkema responds that the documents listed at Attachment A indicate one instance during the approximately four year period in which Pennwalt owned stock in Old Wellman when Pennwalt provided limited technical support to Old Wellman regarding waste material when specifically requested by Old Wellman. Further information follows.

Old Wellman appears to have contacted Pennwalt via a letter dated June 21, 1974, requesting assistance to respond to an IDEQ hazardous waste inquiry. In that letter, Old Wellman stated that it had already started the process of responding to the IDEQ by providing some information, but that the IDEQ had followed up with an additional request for information. Specifically, Old Wellman explained that “[i]t was our thought that you could counsel us on how much we should say, or better yet, maybe there is a specialist on your staff who could assist us in dealing with the problem.”

Pennwalt appears to have responded favorably to Old Wellman's request, asking Old Wellman for advance copies of sample results and subsequently providing its expertise in reviewing laboratory results and preparing a sample response to the IDEQ. Old Wellman responded to

⁷ In addition to the absence of its exercise of actual control, Pennwalt also lacked the authority to exercise control while it was a minority shareholder of Old Wellman.

the IDEQ's supplemental request for information on September 16, 1974. Arkema is not aware of documents indicating that Pennwalt provided further advice regarding this or other Facility waste management issues.

As explained within Arkema's response to Request 4, to find operator liability for a shareholder under *Bestfoods*, one must demonstrate that (1) the shareholder had the authority to control hazardous waste decisions and that (2) the shareholder actually exercised that control on (3) an active and frequent (typically day-to-day) basis. Pennwalt's involvement with a response to the IDEQ in 1974 fails this standard in at least two ways. First, the simple fact that Old Wellman here specifically contacted Pennwalt and requested limited "counsel" on an IDEQ issue demonstrates that Pennwalt was not frequently or deeply involved with facility environmental issues. That point is further affirmed by the Old Wellman's explanation that it had already partly responded to the IDEQ before contacting Pennwalt for advice. Second, nothing demonstrates that Pennwalt did anything more than provide suggestions to Old Wellman; records do not indicate that Old Wellman was not ultimately in control over the response to the IDEQ, and Pennwalt did not itself respond to IDEQ.

6. *Did Pennwalt ever provide any assistance, guidance, advice or input of any nature to the Facility or regarding the Facility relating to compliance with any federal, state, or local environmental requirement?*

Arkema Response: Arkema restates it's unduly burdensome, vagueness, publicly available information, and ordinary course general objections to this Request. Without waiving any objections, Arkema refers to its response to Request 5 and further responds that the documents listed at Attachment A indicate that Pennwalt provided limited assistance when specifically requested by Old Wellman regarding environmental compliance in one additional instance. Further information follows.

According to a memorandum dated April 1, 1975, Old Wellman requested the assistance of Pennwalt's central engineering department "to determine the scope of air emissions at the Creston plant" in response to an agency air emissions inspection. Pennwalt agreed to provide the assistance sought by Old Wellman, sending a department employee to the Facility to get acquainted with the Facility's operations and meet with the state agency during the inspection. During the Facility inspection, Pennwalt's employee used his expertise to provide Old Wellman with guidance on moving forward with the agency. At the conclusion of the inspection, the agency indicated that it would issue its report to Old Wellman, with a courtesy copy provided to Pennwalt.

By way of a letter dated May 19, 1975, the agency later indicated that technical issues prevented its approval of the inspection results. As a result, the agency inspected the Facility again in June 1975 to resample. Arkema is not aware of information indicating that a Pennwalt

representative was present for the second agency inspection. Following the second agency inspection, Old Wellman updated Pennwalt through a memorandum indicating that the second inspection went well and the new readings taken by agency did not pose a problem. No information known to Arkema indicates any further Pennwalt involvement.

As explained within Arkema's responses to Request 4 and Request 5, to find operator liability for a shareholder under *Bestfoods*, one must demonstrate that (1) the shareholder had the authority to control hazardous waste decisions and that (2) the shareholder actually exercised that control on (3) an active and frequent (typically day-to-day) basis. Pennwalt's involvement with an air emissions inspection in 1975 fails this standard in at least two ways. First, as with the incident described within the response to Request 5, the fact that Old Wellman here specifically contacted Pennwalt for assistance on an air emissions issue and that the Pennwalt employee tasked with assisting needed to become "acquainted" with the Facility demonstrates that Pennwalt was not frequently or deeply involved with Facility environmental issues. Second, available records appear to affirm that Old Wellman always retained ultimate control—it received the inspection results, was congratulated by Pennwalt, and, was the only entity known to have been involved in the second inspection.

7. *Was the Facility required to obtain approval or concurrence from Pennwalt for making expenditures?*

Arkema Response: Arkema restates it's unduly burdensome, vagueness, publicly available information, and ordinary course general objections to this Request. Without waiving any objections, Arkema refers to its responses to other Requests and states that it is unaware of documents demonstrating that Pennwalt required the Facility to obtain an approval or concurrence from Pennwalt prior to making ordinary expenditures. To the contrary, the available records indicate that the Facility was responsible for its own operations, and made independent business decisions on financial matters without need of a Pennwalt approval.

8. *Were any employees or corporate officers of Pennwalt also employees or corporate officers of any entity operating the Facility?*

Arkema Response: Arkema restates it's unduly burdensome, publicly available information, and vagueness general objections. Without waiving any objections, Arkema states that it has no indication that employees or corporate officers of Pennwalt were also employees or corporate officers of any entity operating the Facility. Documents listed on Attachment A in connection with responses to other Requests and this Request 8 indicate that, from time to time, certain employees or officers of Pennwalt served as directors of Old Wellman. As U.S. EPA is aware, "it is entirely appropriate for directors of a parent corporation to serve as directors of its subsidiary, and that fact alone may not serve to expose the parent corporation to liability for its subsidiary's acts. *Bestfoods*, 524 U.S. at 69.

9. *Identify any legal or equitable interest that Pennwalt had in the facility. Include information regarding the nature of such interest; when, how, and from whom such interest was obtained; and when, how, and to whom such interest was conveyed.*

Arkema Response: Arkema restates it's unduly burdensome, publicly available information, and vagueness general objections. Without waiving any objections, Arkema refers to its response to Request 3.

10. *Provide a copy of all minutes of the meetings of the Board of Directors, Executive Committee, Finance Committee, Management Committee and all other committees where the Facility is discussed.*

Arkema Response: Arkema restates it's unduly burdensome, vagueness, publicly available information, and ordinary course general objections to this Request. Without waiving any objections, Arkema refers to its response to Request 4 and further responds that it has few records discussing the Facility and that the documents listed at Attachment A include available meeting minutes.

11. *Were any reports discussing waste disposal practices at the Facility ever received by officers or directors of Pennwalt? If your answer to this question is in the affirmative indicate (i) when such reports were received, (ii) who the originator of such reports was, (iii) who such reports were directed to, and (iv) the content of such reports.*

Arkema Response: Arkema restates its vagueness, unduly burdensome, publicly available information, and ordinary course general objections to this Request. Without waiving any objections, Arkema has no records demonstrating that Pennwalt's officers or directors ever received reports discussing waste disposal practices at the Facility. Arkema also refers to its response to Request 5.

12. *State whether any officers or directors of Pennwalt approved, authorized, discussed, or had knowledge or awareness of any arrangement to dispose of wastes from the Facility. This request applies to disposal occurring onsite and offsite. Describe the nature and extent of such approval, authorization, discussion, knowledge, or awareness.*

Arkema Response: Arkema restates its vagueness, unduly burdensome, publicly available information, and ordinary course general objections to this Request. Without waiving any objections, Arkema responds that it is unaware of any instances in which an officer or director of Pennwalt approved, authorized, discussed, or had knowledge or awareness of any arrangement to dispose of wastes from the Facility. Arkema also refers to its responses to other Requests and to the documents listed at Attachment A, which include an excerpt of a deposition transcript of Mr. Stanley Simmons, a former Old Wellman employee from at least September

30, 1971 through 1976 sale to New Wellman. Mr. Simmons testified that no one from Pennwalt was involved in waste disposal decisions at the Creston plant.

13. *Provide a history (e.g., payment dates, amounts received, etc.), of dividends received by Pennwalt, or any other Pennwalt subsidiaries, from the operations occurring at the Facility.*

Arkema Response: Arkema restates its vagueness, unduly burdensome, and publicly available information general objections to this Request. Without waiving any objections, Arkema states that the documents listed at Attachment A state that, in connection with the 1976 liquidation of Old Wellman, there was a pro rata distribution of common stock at the rate of \$4.51 per share and an additional distribution to all stockholders other than the Delaware Chemicals Corporation (a Pennwalt subsidiary) of an additional \$0.54 per share as an adjustment for certain tax matters.

14. *To the extent you possess information in any way related to the Facility that has not been covered by any of the preceding requests, provide that information.*

Arkema Response: Arkema restates it's unduly burdensome, vagueness, publicly available information, and statutory authority general objections to this Request. Without waiving its objections, Arkema responds that it cannot reasonably discern the extent or scope of this Request or the statutory authority on which it is based.

* * *

Please contact me if you have any questions concerning this response.

Sincerely,

ArentFox Schiff LLP

/s/ Dan Deeb

Dan Deeb

DD/pdw

Attachment A

Request 3: ELF 0019149–58
ELF 0019513–49
ELF 0019002–04
ELF 0019449
ELF 0019681–98
ELF 0022106–08
ELF 0022258–59
ELF 0022168
ELF 0022624–45
ARK 00256–57
ARK 00602–07
ARK 00624–49
ARK 00653–54
ARK 00811–14
ARK 01399–414
ARK 01454–469

Request 4: ELF 0021594–601
ELF 0021639
ELF 0021655–58
ELF 0021756–66
ELF 0021769–75
ELF 0022106–08
ARK 00258–73
ARK 00280–83
ARK 00288–97
ARK 00308–12
ARK 00418–21
ARK 00966–67

Request 5: ARK 01230–36
ARK 01252

Request 6: ARK 01237–51
ARK 01253–58

Request 8: ELF 0021594–601
ELF 0021690–96
ELF 0022126–33
ARK 00244–47
ARK 00338–41
ARK 00397–414
ARK 00441
ARK 00917–18

Request 10: ELF 0021594–601
ELF 0021690–96
ELF 0021756–66
ELF 0021769–75
ELF 0022126–33
ARK 00248–53
ARK 00258–73
ARK 00280–337
ARK 00397–417
ARK 00500–06
ARK 00510–13
ARK 00527–33
ARK 00548–51
ARK 00567–82
ARK 00701–02
ARK 00706–21
ARK 00741–44
ARK 00789–90
ARK 00979–1019
ARK 01023–36

Request 12: ARK 01263–398

Request 13: ARK 01154–56
ARK 01160–63